



*United States Attorney  
Southern District of New York*

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**U.S. CHARGES HEDGE FUND MANAGER WITH DEFRAUDING  
INVESTORS OUT OF \$1.6 MILLION**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced the unsealing of a seven-count Complaint in Manhattan federal court late yesterday charging RICHARD S. DALBERTH, a hedge fund manager, with defrauding investors of at least approximately \$1.6 million.

The Complaint alleges that DALBERTH purported to pool investor funds in a hedge fund he controlled for the purpose of investing in the U.S. equity markets. DALBERTH is alleged to have represented to investors that he achieved significant returns on investment, including a claim of purported returns on invested capital for January through mid-October 2003 of 20.72%, net of all fees and expenses. In fact, according to the Complaint, the hedge fund's returns during that period were largely negative, and the hedge fund's assets declined sharply in mid-2003 as a result of trading losses.

In addition, the Complaint charges that DALBERTH diverted as much as approximately \$600,000 of hedge fund investor's funds to his own use, including cash withdrawals at ATM machines, checks written to himself, personal travel

expenses, the purchase of jewelry and approximately \$400,000 paid to DALBERTH's prior creditors.

If convicted, DALBERTH faces a maximum penalty on each of the seven counts of 20 years in prison.

DALBERTH, 53, resides in Manhattan.

Mr. KELLEY, a member of the President's Corporate Fraud Task Force, which is headed by Deputy Attorney General JAMES B. COMEY, praised the efforts of the U.S. Postal Inspection Service, and thanked the Securities and Exchange Commission for its assistance in the investigation of this case. He said the investigation is continuing.

Special Assistant United States Attorney ALEX LIPMAN is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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